

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
General Purpose Financial Statements
As of and for the Year Ended December 31, 2002

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/20/03

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

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COOK & MOREHART

Certified Public Accountants

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Independent Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

We have audited the accompanying general purpose financial statements of the East Central Bossier Parish Fire District No. 1, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the East Central Bossier Parish Fire District No. 1's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the East Central Bossier Parish Fire District No. 1, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2003 on our consideration of East Central Bossier Parish Fire District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Cook & Morehart
Certified Public Accountants
June 13, 2003

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Combined Balance Sheet - General Fund and Account Group
 December 31, 2002

	General Fund	General Fixed Assets Account Group	Total (Memorandum Only)
Assets and Other Debit			
Cash	\$ 6,163	\$	\$ 6,163
Investments	313,459		313,459
Receivables-ad valorem taxes	480,129		480,129
Property and equipment		1,624,269	1,624,269
Total assets and other debit	\$ 799,751	\$ 1,624,269	\$ 2,424,020
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ 25,146	\$	\$ 25,146
Accrued expenses	713		713
Total liabilities	25,859		25,859
Fund equity:			
Investment in general fixed assets		1,624,269	1,624,269
Fund balances-			
Reserved - FEMA grant	7,640		7,640
Unreserved, undesignated	766,252		766,252
Total fund equity	773,892	1,624,269	2,398,161
Total liabilities and fund equity	\$ 799,751	\$ 1,624,269	\$ 2,424,020

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended December 31, 2002

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 463,318
FEMA grant	38,887
Intergovernmental-fire insurance rebate	29,518
Donations and other income	300
Interest income	6,154
	<hr/>
Total revenues	538,177
	<hr/>
Expenditures	
Current:	
General government	15,919
Public Safety	304,532
Capital outlay	93,732
	<hr/>
Total expenditures	414,183
	<hr/>
Excess of revenues over (under) expenditures	123,994
	<hr/>
Fund balances at beginning of year	649,898
	<hr/>
Fund balances at end of year	<u><u>\$ 773,892</u></u>

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2002

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Ad valorem taxes	\$ 436,276	\$ 442,426	\$ 6,150
FEMA grant	38,887	38,887	
Intergovernmental-fire insurance rebate	26,000	29,518	3,518
Donations and other income	350	300	(50)
Interest income	12,500	6,154	(6,346)
Total revenues	514,013	517,285	3,272
Expenditures			
General government	14,393	13,684	709
Public Safety	529,082	301,091	227,991
Capital outlay	147,997	93,732	54,265
Total expenditures	691,472	408,507	282,965
Excess of revenues over (under) expenditures	(177,459)	108,778	286,237
Fund balances at beginning of year	177,459	210,131	32,672
Fund balances at end of year	\$	\$ 318,909	\$ 318,909

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2002

(1) Summary of Significant Accounting Policies

The East Central Bossier Parish Fire District No. 1 (the district) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute (R.S.) 40:1492, on October 29, 1979 by ordinance number 849. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 2002. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

A. Basis of Presentation

The accompanying general purpose financial statements of the East Central Bossier Parish Fire District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The district is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2002
(Continued)

Funds of the district are classified as governmental funds. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds and account groups of the district include:

1. General Fund – the general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.
2. General Fixed Assets Account Group – used to account for fixed assets used in governmental fund type operations for control purposes.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its *measurement focus*. The governmental funds are accounted for using a *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The district uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. R.S. 7:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January, and February of the current year.

Other intergovernmental revenues are recorded when the district is entitled to the funds. Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
(Continued)
December 31, 2002

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the paid firefighter prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for all funds. There was one amendment to the 2002 budget.

Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on page 4 (budget basis) with the amounts shown on page 3 (GAAP basis):

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 108,778
Adjustments:	
Revenue accruals – net	20,892
Expenditure accruals – net	<u>(5,676)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 123,994</u>

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2002
(Continued)

F. Encumbrances

Encumbrance accounting is employed as an extension of the formal budgetary process. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Any encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at December 31, 2002.

G. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

H. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value at date of donation.

I. Compensated Absences

Full-time employees of the district earn five days of vacation leave each year. Vacation and sick leave do not accumulate.

At December 31, 2002, there were no employee leave benefits requiring recognition. The cost of leave privileges is recognized as a current-year expenditure when leave is actually taken.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2002
(Continued)

J. Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

K. Total Columns on Statements

Total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	19.00	19.00	2008

(3) Cash and Cash Equivalents

At December 31, 2002, the district had cash and cash equivalents (book balances) totaling \$6,163 in interest-bearing demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2002
(Continued)

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2002, the district had \$50,347 in deposits (collected bank balances). These deposits are secured entirely from risk by federal deposit insurance.

(4) Investments

At December 31, 2002, the district had investments totaling \$313,459 consisting of U.S. Money Market Funds. The carrying amount of these investments approximates market value.

The investments are in the name of the district and are held by the district's fiscal agent. The money market funds are considered category 1 in applying the credit risk of GASB Codification Section 150.164.

(5) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 12-31-01	Additions	Retirements	Balance 12-31-02
Land	\$ 44,500	\$ -	\$ -	\$ 44,500
Buildings	217,164	-	-	217,164
Equipment	1,268,873	65,495	-	1,334,368
Construction in progress	<u>-</u>	<u>28,237</u>	<u>-</u>	<u>28,237</u>
Total general fixed assets	<u>\$ 1,530,537</u>	<u>\$ 93,732</u>	<u>\$ -</u>	<u>\$ 1,624,269</u>

(6) Pension Plan

Certain employees of the District are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2002
(Continued)

20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of credible service, not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll for January 2002 through November 2002, and 18.25 percent for December 2002. In 2003, the contributions for the month of December 2002 in excess of 9 percent were refunded to the district. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2002, 2001, and 2000 were \$9,942, \$10,524, and \$9,014, equal to the required contribution for each year.

Other employees of the district who are not eligible to participate in the Firefighters' Retirement System are members of the Social Security System.

(7) Leases

For the year ended December 31, 2002, the district had one operating lease on equipment that is utilized by the district. Lease payments on this lease for the year ended December 31, 2002 were \$2,011. The minimum annual commitments under noncancelable operating leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2003	\$ 1,932
2004	<u>1,771</u>
	<u>\$ 3,703</u>

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2002
(Continued)

(8) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(9) GASBS No. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (Statement). Certain of the significant changes in the Statement include the following:

For the first time the financial statements will include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District’s activities, including reporting infrastructure assets (roads, bridges, etc.), as applicable.
- A change in the fund financial statements to focus on the *major* funds.

The general provisions of GASBS No. 34 must be implemented in the year ending December 31, 2003, to correspond with the date of implementation of the primary government, the Bossier Parish Police Jury.

COOK & MOREHART

Certified Public Accountants

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Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Commissioners
East Central Bossier Parish Fire District No. 1

We have audited the general purpose financial statements of East Central Bossier Parish Fire District No. 1 as of and for the year ended December 31, 2002, and have issued our report thereon dated June 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether East Central Bossier Parish Fire District No. 1's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Central Bossier Parish Fire District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
June 13, 2003

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 2002

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2001.

Corrective Action Plan for Current Year Audit Findings

There were no findings or management letter comments for the current year audit for the year ended December 31, 2002.